



AUDIT REPORT: DEPARTMENT OF NATURAL RESOURCES

Audit Report. The Auditor of State released the FY 2015 Audit Report for the Department of Natural Resources (DNR) on October 10, 2016. The following conditions related to internal control were reported, recommendations were made, and responses were given by the DNR.

Payroll. The DNR processes and records payroll and personnel information in the Human Resource Information System (HRIS) that utilizes an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. The findings in the audit report included:

- There are three employees who have the ability to apply multiple levels of approving timesheets.
- The three employees can also initiate and approve P-1 documents without other approval.
- There is no independent review of the preliminary payroll report before it is finalized.
- Of the 10 timesheets tested, 4 timesheets were not approved until after the payroll warrant was issued, and 2 timesheets were never approved by a supervisor.

The Department responded that it receives a quarterly P-1 report from the Department of Administrative Services, and all P-1's are reviewed by the Human Resource Supervisor or his designee. The DNR also performs periodic independent reviews of the final payroll journal and reviews the approved timesheets. The response was accepted by the Auditor's Office.

Field Offices. There was a review of 21 field offices and the following conditions were reported:

- Five sites had capital assets that were not properly tagged.
- Fourteen sites lacked segregation of duties related to the collection, deposit, and reconciliation of receipts.

The DNR responded that an annual confirmation of capital assets is completed that includes reviewing the tags. The DNR also responded that there are policies and procedures in place for processing receipts. The response was accepted by the Auditor's Office.

Reservation System. A review related to the Parks Reservation System (PRS) and the Electronic Licensing System for Iowa (ELSI) was completed for the time period of July 1, 2006, through June 30, 2011. The Auditor's [report](#) recommended that the DNR evaluate whether the fees charged were comparable and competitive and covered costs of the system. The FY 2015 audit found the requested review of the systems had not been completed.

The DNR responded it had implemented a comparison of park fees to surrounding states and also compared revenue to expenditures every fiscal year. The response was accepted by the Auditor's Office.

Uncollectable Accounts. For the year ended June 30, 2015, the DNR reported an accounts receivable balance of \$412,000 for administrative penalties and \$962,000 for assessed damages. This included amounts dating back to 1997. The audit recommended that the DNR should establish policies and procedures related to establishing allowances for doubtful accounts.

The DNR responded it had implemented written policies to write off uncollectable administrative penalties. However, liquidated damages are assessed by court judges and collected by the state's clerks of court, not the DNR. The response was accepted by the Auditor's Office.

Statutory Code Findings. The following findings were reported related to Iowa Code compliance:

- There is no Compliance Advisory Panel as required in Iowa Code section [455B.150](#) and the federal Clean Air Act. The DNR responded that there are no current appointments to the panel and when the appointments are made by the Governor, the panel will reconvene.
- There have been no random public works inspections by the DNR as required by Iowa Code section [455B.174](#). This includes inspections of work completed by cities or counties. The DNR responded that city and county water authorities have permitting authority. The authorities submit quarterly reports that are reviewed by the DNR.
- There has been no implementation of the Agricultural Easement Program as required by Iowa Code section [456B.11](#). The Program is to be used for the acquisition of wetlands and conservation easements around wetlands that result from the closure of agricultural drainage wells. The DNR responded that acquiring highly productive farmland, either by easement or purchase, is expensive and the DNR must rely on federal programs to accomplish this work. The DNR also responded that landowners are usually interested in continuing to farm the land in the drainage area rather than restore wetlands. The DNR requested this section be rescinded during the 2013 Legislative Session; however, it was not. The DNR will again work to rescind this section in the upcoming legislative session.
- The Department has not completed the Inventory of Protected Wetlands as required in Iowa Code section [456B.12](#). This includes listing wetlands and marshes of each county and making preliminary designation as to which constitute protected wetlands. The DNR responded that the Program was never established because the current federal regulations exceed the protection this Iowa Code requirement would offer. This wetland classification is outdated and fails to recognize other wetland types, such as forested wetlands, fens, and sedge meadows.

The Auditor of State accepted the DNR responses for the first, third, and fourth findings and acknowledged the response to the second finding.

Additional Information. The [report](#) is available online. For additional information, please contact the Fiscal Services Division of the Legislative Services Agency.

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